

Exhibit 13

Relevant Portions of MPT's 2020 Form 10-K

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2020

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number 001-32559

Commission file number 333-177186

Medical Properties Trust, Inc.
MPT Operating Partnership, L.P.

(Exact Name of Registrant as Specified in Its Charter)

Maryland
 Delaware
 (State or Other Jurisdiction of
 Incorporation or Organization)
 1000 Urban Center Drive, Suite 501
 Birmingham, AL
 (Address of Principal Executive Offices)

20-0191742
 20-0242069
 (IRS Employer
 Identification No.)

35242
 (Zip Code)

(205) 969-3755

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common stock, par value \$0.001 per share, of Medical Properties Trust, Inc.	MPW	The New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Medical Properties Trust, Inc. Yes ☒ No ☐ MPT Operating Partnership, L.P. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Medical Properties Trust, Inc. Yes ☐ No ☒ MPT Operating Partnership, L.P. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Medical Properties Trust, Inc. Yes ☒ No ☐ MPT Operating Partnership, L.P. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Medical Properties Trust, Inc. Yes ☒ No ☐ MPT Operating Partnership, L.P. Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Medical Properties Trust, Inc.

Large accelerated filer ☒
 Non-accelerated filer ☐

Accelerated filer ☐
 Smaller reporting company ☐
 Emerging growth company ☐

MPT Operating Partnership, L.P.

Large accelerated filer ☐
 Non-accelerated filer ☒

Accelerated filer ☐
 Smaller reporting company ☐
 Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbans-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

Indicate by check mark whether the registrant is a shell company (as defined in 12b-2 of the Act).

Medical Properties Trust, Inc. Yes ☐ No ☒ MPT Operating Partnership, L.P. Yes ☐ No ☒

As of June 30, 2020, the aggregate market value of the 523.8 million shares of common stock, par value \$0.001 per share ("Common Stock"), held by non-affiliates of Medical Properties Trust, Inc. was \$9.8 billion based upon the last reported sale price of \$18.80 on the New York Stock Exchange on that date. For purposes of the foregoing calculation only, all directors and executive officers of Medical Properties Trust, Inc. have been deemed affiliates.

As of February 19, 2021, 580.0 million shares of Common Stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive Proxy Statement of Medical Properties Trust, Inc. for the Annual Meeting of Stockholders to be held on May 26, 2021 are incorporated by reference into Items 10 through 14 of Part III, of this Annual Report on Form 10-K.

Reference Rate Reform

In March 2020, the Financial Accounting Standards Board (“FASB”) issued ASU No. 2020-04, “Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting” (“ASU 2020-04”) to simplify the accounting for contract modifications made to replace LIBOR or other reference rates that are expected to be discontinued because of reference rate reform. The guidance provides optional expedients and exceptions for applying U.S. GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criterion are met. The optional expedients and exceptions can be applied to contract modifications made until December 31, 2022. On January 7, 2021, the FASB issued ASU No. 2021-01, “Reference Rate Reform (Topic 848)” (“ASU 2021-01”), which clarifies that certain optional expedients and exceptions in Topic 848 for contract modifications and hedge accounting apply to derivatives that are affected by the discounting transition. The amendments in ASU 2021-01 are elective and apply to our debt and derivative instruments that may be modified as a result of reference rate reform. We are continuing to evaluate these standards, as well as the timing of the transition of various rates in our debt and derivative instruments affected by reference rate reform.

3. Real Estate Activities*New Investments*

For the years ended December 31, 2020, 2019, and 2018, we acquired or invested in the following net assets (in thousands):

	2020	2019	2018
Land and land improvements	\$ 365,281	\$ 400,539	\$ 71,880
Buildings	2,547,313	1,951,066	686,739
Intangible lease assets — subject to amortization (weighted-average useful life of 27.5 years in 2020, 19.1 years in 2019, and 27.9 years in 2018)	642,699	227,468	90,651
Investment in financing leases	114,797	1,386,797	—
Equity investments	233,593	415,836	245,267
Mortgage loans	176,840	51,267	—
Other loans and assets	309,523	135,258	336,458
Liabilities assumed	(140,866)	(2,637)	—
Total assets acquired	\$ 4,249,180	\$ 4,565,594	\$ 1,430,995
Loans repaid(1)	(834,743)	—	(764,447)
Total net assets acquired	\$ 3,414,437	\$ 4,565,594	\$ 666,548

- (1) The 2020 column includes approximately \$750 million of loans advanced to Steward in 2017 and exchanged for the fee simple real estate of two hospitals as described below, as well as approximately \$100 million of loans advanced to Ernest Health, Inc. (“Ernest”) in 2012 and exchanged for the fee simple real estate of four hospitals as described below. The 2018 column includes \$0.8 billion of loans advanced to Steward in 2016 and repaid in 2018 as part of sale leaseback conversion described below.

2020 ActivityCircle Transaction

On January 8, 2020, we acquired a portfolio of 30 acute care hospitals located throughout the United Kingdom for a net purchase price of approximately £1.5 billion from affiliates of BMI Healthcare, Inc. (“BMI”), as part of a share purchase in which we also inherited certain deferred income tax liabilities and £27.6 million of unearned rent revenue. In a related transaction, affiliates of Circle Health Ltd. (“Circle”) entered into definitive agreements to acquire BMI and assume operations of its 52 facilities in the United Kingdom. As part of our acquisition, we inherited 30 existing leases with the operator that had initial fixed terms ending in 2050, with no renewal options but with annual inflation-based escalators. Once final regulatory approval was received in the 2020 second quarter, these 30 leases with Circle were amended (effective June 16, 2020) to include two five-year renewal options and improve the annual inflation-based escalators. These 30 leases are cross-defaulted and guaranteed by Circle.

On December 31, 2020, we acquired an inpatient rehabilitation hospital in South Carolina for approximately \$17 million. As part of the transaction, we acquired the fee simple real estate of three inpatient rehabilitation hospitals and one long-term acute care hospital in exchange for the reduction of the mortgage loans made to Ernest for such properties in 2012. The approximate \$115 million investment in all five of these facilities is leased to Ernest pursuant to an existing long-term master lease that has an initial term ending in December 2037 with multiple extension options and annual escalation provisions.

On December 29, 2020, we increased our equity ownership and related investment in Infracore SA (“Infracore”) by investing an additional CHF 206.5 million. We are accounting for our total investment in this joint venture (this investment along with our initial investment in 2019 as noted below) under the equity method.

On November 17, 2020, we invested in the real estate of three general acute care hospitals in Colombia for approximately \$135 million. These properties will be operated by the new international joint venture discussed below.

On August 13, 2020, we acquired a general acute care hospital in Lynwood, California for a total investment of approximately \$300 million. This property is leased to Prime Healthcare Services, Inc. (“Prime”), pursuant to an existing long-term master lease, which we extended its initial fixed term to August 2035 in connection with this transaction, with annual escalations and multiple extension options.

On July 8, 2020, we acquired the fee simple real estate of two general acute care hospitals located in the Salt Lake City, Utah area, Davis Hospital & Medical Center and Jordan Valley Medical Center, in exchange for the reduction of the mortgage loans made to Steward for such properties and additional cash consideration of \$200 million based on their relative fair value. The approximate \$950 million investment in these two facilities is now subject to the Steward master lease that has an initial fixed term ending in October 2031 with multiple extension options and annual escalation provisions.

On June 24, 2020, we originated a CHF 45 million secured loan to Infracore, which was paid-in full on December 2, 2020.

On May 13, 2020, we formed a joint venture for the purpose of investing in the operations of international hospitals. As part of the formation, we originated a \$205 million acquisition loan. We have a 49% interest in this joint venture and are accounting for our investment using the fair value option election. The joint venture simultaneously purchased from Steward the rights and existing assets related to all present and future international opportunities previously owned by Steward for strategic, regulatory, and risk management purposes.

Other acquisitions in 2020 included three inpatient rehabilitation hospitals, two general acute care hospitals, and one private acute care hospital totaling approximately \$300 million. One inpatient rehabilitation facility, located in Dahlen, Germany, was acquired on August 5, 2020 for €12.5 million and is leased to MEDIAN Kliniken S.à.r.l. (“MEDIAN”) pursuant to the existing master lease. One of the general acute care facilities, located in Darlington, United Kingdom, was acquired on August 7, 2020 for £29.4 million and is leased to Circle pursuant to a long-term lease. The other general acute care hospital, located in London, United Kingdom, was acquired on November 25, 2020 for £50 million via the purchase of a 999-year ground lease and is leased to The Royal Marsden NHS Foundation Trust pursuant to a long-term lease. The inpatient rehabilitation hospitals, one in Texas and one in Indiana, were acquired on December 17, 2020 for approximately \$58 million and are leased to Curahealth Hospitals pursuant to a long-term lease. The private acute care hospital, located in Reading, United Kingdom, was acquired on December 18, 2020 for £85.0 million and is leased to Circle pursuant to the existing long-term Circle master lease.

2019 Activity

LifePoint Acquisition

On December 17, 2019, we acquired a portfolio of 10 acute care hospitals owned and operated by LifePoint Health, Inc. (“LifePoint”) for a combined purchase price of approximately \$700.0 million. The properties are leased to LifePoint under one master lease agreement. The master lease had a 20-year initial term and two five-year extension options, plus annual inflation-based escalators.

Prospect Transaction

On August 23, 2019, we invested in a portfolio of 14 acute care hospitals and two behavioral health facilities operated by Prospect Medical Holdings, Inc. (“Prospect”) for a combined purchase price of approximately \$1.55 billion. Our investment included the acquisition of the real estate of 11 acute care hospitals and two behavioral health facilities for \$1.4 billion. We are accounting for these properties as a financing (as presented in the “Investment in financing leases” line of the consolidated balance sheets) under lease accounting rules due to certain lessee end-of-term purchase options. In addition, we originated a \$51.3 million mortgage loan, secured by a first mortgage on an acute care hospital, and a \$112.9 million term loan which we expect will be converted into the acquisition of two additional acute care hospitals upon the satisfaction of certain conditions. The master leases and mortgage loan have substantially similar terms, with a 15-year fixed term subject to three extension options, plus annual inflation-based escalators.